

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-05 H-01 INR-07 L-03  
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06  
/059 W

-----004306 090319Z /64

R 081646Z NOV 77

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 3654

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

USMISSION USNATO

DIA WASHDC

USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 8572

E.O. 11652: GDS

TAGS: PINT PO

SUBJECT: CDS PAINTS GLOOMY PICTURE

REF: LISBON 8535 (DTG 071651Z NOV 77)

SUMMARY: THE TOP CDS LEADERSHIP GAVE A GLOOMY VIEW OF THE  
POLITICAL SITUATION DURING A NOV 4 DINNER WITH THE AMBASSADOR.  
THE CENTER DEMOCRATS SAID IT WAS TOO LATE FOR THEM TO SIGN A  
POLITICAL PARTY PACT SINCE THE CDS MUST PROTECT ITS RIGHT  
FLANK. THE CDS DOES NOT OBJECT TO A PS-PSD AGREEMENT, BUT  
DOUBTS THAT EITHER THE SOCIALISTS OR SOCIAL DEMOCRATS ARE  
WILLING TO CONCEDE ENOUGH. THE CDS BELIEVES PRESIDENT EANES  
WILL BE FORCED TO DISSOLVE THE ASSEMBLY AND ESTABLISH A  
TRANSITIONAL GOVERNMENT WHICH WILL EVENTUALLY BECOME  
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PERMANENT. END SUMMARY.

1. GLOOMY PICTURE: CDS SECRETARY-GENERAL BASILIO HORTA GAVE  
A DINNER FOR THE AMBASSADOR NOV 4 AT WHICH CDS PRESIDENT  
FREITAS DO AMARAL, VICE PRESIDENT AMARO DA COSTA, AND DEPUTY  
MARIA JOSE SAMPAIO WERE PRESENT. THE CDS TOP BRASS PAINTED  
A GLOOMY PICTURE OF POLITICAL PROSPECTS AS SUMMARIZED BELOW.

2. TOO LATE FOR CDS: IT IS NOW TOO LATE FOR A POLITICAL PACT AMONG THE PARTIES. THE CDS OFFERED TO SIGN AN AGREEMENT WITH THE SOCIALISTS PRIOR TO OCT 15, BUT THE SOCIALISTS NEVER FOLLOWED THROUGH. MARIO SOARES CONSENTED TO CDS DEMANDS FOR AGREEMENT ON A MEDIUM-TERM ECONOMIC PLAN AND A POLITICAL UNDERSTANDING, BUT SUBSEQUENTLY BACKED OFF. SOARES TOLD HORTA RECENTLY THAT HE REGRETS NOT HAVING COME TO TERMS WITH THE CDS. NOW THE CDS RANK AND FILE IS MOVING FURTHER RIGHT AND THE MILITARY IS INCREASINGLY UNHAPPY. THE CENTER DEMOCRATS CANNOT AFFORD TO BE OUTFLANKED ON THE RIGHT BY PSD LEADER SA CARNEIRO (ALTHOUGH THE PSD IS "IN FACT TO THE RIGHT OF THE CDS"). LAST WEEK'S MEETING BETWEEN MINISTER-WITHOUT-PORTFOLIO JORGE CAMPINOS AND BASILIO HORTA WAS VERY UNPROMISING AS THE SOCIALISTS SHOWED NO FLEXIBILITY. NO NEGOTIATIONS HAVE TAKEN PLACE BECAUSE THE PS HAS MADE NO OFFERS. THE CDS DOES NOT OBJECT TO A PS-PSD AGREEMENT, BUT DOUBTS THAT EITHER PARTY IS PREPARED TO CONCEDE ENOUGH. THE SOCIALISTS WILL NOT BE ABLE TO PLAY OFF THE PSD AND THE CDS. THE SOCIAL AND CENTER DEMOCRATS KEEP EACH OTHER REGULARLY INFORMED OF THEIR DEALINGS WITH THE SOCIALISTS.

3. NEGOTIATIONS WILL FAIL: THE CDS RECOGNIZES THAT THE IMF IS ON TARGET AND THAT THE COUNTRY MUST TIGHTEN ITS BELT. BUT THE GOVERNMENT HAS NOT BEEN TOTALLY OPEN WITH THE PARTIES. THE CDS IS DRAWING UP ITS OWN MEDIUM-TERM ECONOMIC PLAN NOW, AND IS CONFIDENTIAL

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PREPARED TO PRESENT A CENSURE MOTION AT THE END OF NOVEMBER IF NEGOTIATIONS AMONG THE PARTIES HAVE NOT BORNE FRUIT. NEGOTIATIONS ARE DOOMED TO FAILURE, AND THE MOST LIKELY OUTCOME THEREAFTER IS PRESIDENTIAL DISSOLUTION OF THE LEGISLATIVE ASSEMBLY. EANES WILL THEN NAME A TRANSITIONAL GOVERNMENT WHICH WILL WIND UP BEING PERMANENT.

4. SA CARNEIRO ON FAR RIGHT: THE SOCIAL DEMOCRATS ON NOV 3 VOTED DOWN SA CARNEIRO IN THE PARTY POLITICAL COMMITTEE. (FREITAS DO AMARAL SAID IT WAS JUST WELL A SA CARNEIRO MOTION TO INSIST ON CDS INCLUSION IN A POLITICAL PACT HAD NOT CARRIED, SINCE THE CDS IS NOT CERTAIN IT WANTS TO BE INCLUDED IN AN ACCORD AT THIS STAGE.) SA CARNEIRO HAS MORE APPEAL TO THE FAR RIGHT THAN KAULZA DE ARRIAGA'S MORN. THE CDS IS IN THE WRONG PLACE IN THE POLITICAL SPECTRUM; THE PSD IN THE NORTH AND ITS LEADER IN PARTICULAR ARE MORE CONSERVATIVE THAN THE CENTER DEMOCRATS. SA CARNEIRO'S TOUGH LANGUAGE PUTS CDS LEADERS UNDER PRESSURE TO TAKE RADICAL POSITIONS, BUT THE CENTER DEMOCRATS HAVE DECLINED.

5. EANES'S SPEECH A COMPLICATION: EANES'S OCT 15 SPEECH MADE NEGOTIATIONS AMONG THE DEMOCRATIC PARTIES MORE DIFFICULT.

THE PRESIDENT CRITICIZED THE OPPOSITION PARTIES, THEREBY PROVOKING THEM TO BECOME MORE OUTSPOKEN IN THEIR OPPOSITION TO THE GOVERNMENT. IF EANES WANTED COOPERATION, HE SHOULD HAVE USED A CARROT, NOT A STICK. EANES'S SPEECH ALSO HAD DISTURBING ELEMENTS OF LEFTIST PHILOSOPHY. THE REFERENCE TO PORTUGAL AS A "SOCIALIST DEMOCRACY" AND THE REPEATED REFERENCES TO WORKER RIGHTS REVEALED THAT A COMMITTED LEFTIST HAD BEEN AT EANES'S SIDE DRAFTING THE SPEECH.

6. COMMENT: THE PSD-CDS RELATIONSHIP COMPLICATES NEGOTIATIONS AMONG THE DEMOCRATIC PARTIES. THE PSD HAS THE NUMBERS AND BOMBASTIC LEADERSHIP WITH APPEAL TO THE RIGHT. THE CDS HAS EXCELLENT LEADERSHIP, BUT INSUFFICIENT NUMBERS AND WEAK MIDDLE LEVEL CADRES. NEITHER THE PSD NOR THE CDS WISHES  
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TO BE OUTFLANKED BY THE OTHER. THE PSD WOULD PREFER TO INCLUDE THE CDS IN ANY ARRANGEMENT WITH THE SOCIALISTS IN ORDER TO PROTECT ITS RIGHT FLANK. THE CDS IS FEARFUL THAT A CDS AGREEMENT WITH THE SOCIALISTS WOULD ALIENATE THE CENTER DEMOCRAT'S RIGHT WING.  
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## Message Attributes

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